



## VILLAGE OF MARVIN

10004 New Town Road | Marvin, NC | 28173 | Tel: (704) 843-1680 | Fax: (704) 843-1660 | [www.marvinnc.org](http://www.marvinnc.org)

### MARVIN HERITAGE DISTRICT STRATEGIC PLAN COMMITTEE MEETING MINUTES

February 4, 2021 – 6:30pm – Village Hall (Virtual Meeting)

#### AGENDA ITEMS

**1. Call to Order**

Rohit Ammanamanchi, Planning & Zoning Administrator, called the meeting to order at 6:36pm.

**2. Determine Quorum**

Mr. Ammanamanchi determined that a quorum was present.

**Present Virtually:** Sherri Albano, Dorota Clegg, Malinda Daniel, Jake Fehling, Tim Fincher, TJ Philbrick, Will Owens (*joined at 6:50pm, departed at 7:11pm*)

**Absent:** John Jones, Michael Lavelle, Councilman Wortman (Council Liaison)

**Staff Present:** Austin W. Yow

**Staff Present Virtually:** Rohit Ammanamanchi, Emma Lane (Facilitator)

**3. Adoption of the Agenda**

**MOTION:** Malinda Daniel moved to adopt the agenda as presented.

**VOTE:** The motion passed unanimously.

Will Owens was not present at the time of this vote.

**4. Adoption of the Minutes: 1/7/21**

**MOTION:** Malinda Daniel moved to adopt the minutes as presented.

**VOTE:** The motion passed unanimously.

Will Owens was not present at the time of this vote.

**5. Public Comment Period**

**Tatiana Ai, 9801 Strike the Gold Lane (Providence Downs South)**

She asked why the area in the proposed Marvin Heritage District is being considered for commercial redevelopment, when the surrounding area is residential.

**Danielle and Greg Cimato, 1513 Venetian Way Drive (Providence Downs South)**

Mrs. Cimato stated that they just learned of plans for the Marvin Heritage District. She stated they are concerned about the potential commercial development across from Providence Downs South. She added that they also concerned about traffic, the over population of schools, and potentially tarnishing the beauty of the area.

**Jeanine and James Gerber, 1204 Larkridge Court (Meadowlark)**

Mrs. Gerber stated they were opposed to commercial development so close to their property. She added that they are greatly concerned about any commercial development involving the production and/or consumption of alcohol, especially with the close proximity of Marvin Elementary School. She asked the Committee not to recommend any uses involving alcohol.

**Andrew Burquest, 1504 Venetian Way Drive (Providence Downs South)**

He stated he was against any commercial development so close to Providence Downs South, especially establishments that serve alcohol. He also added he was opposed to any sort of chain or fast-food restaurant.

**Christopher Smith, 212 Cattle Ridge Road (Marvin Creek)**

He stated he was against the proposed development, especially against establishments serving alcohol.

#### UNFINISHED BUSINESS ITEMS

No items were discussed.

## NEW BUSINESS ITEMS

### TIME STAMP 13:10

#### 1. Discussion of Statement of Economic Interest and Code of Ethics Forms

Austin W. Yow, Village Clerk & Assistant to the Manager, explained that all board members are required to complete the Statement of Economic Interest (SEI) and Code of Ethics (COE) forms by April. He also explained to the Committee how and when to recuse themselves from votes that they have a financial interest in.

Will Owens joined the meeting at 6:50pm.

### TIME STAMP 17:30

#### 2. Discussion of Planning Staff Addition

Mr. Ammanamanchi informed the Committee that the Village will be hiring a Planning Assistant in the next few weeks. He stated he expects to be able to introduce this assistant at the next meeting.

### TIME STAMP 18:05

#### 3. Discussion of Development Finance Initiative (DFI) Final Draft Report on Economic Feasibility

Mr. Ammanamanchi explained that DFI was hired to ascertain the economic feasibility of the Marvin Heritage District. He shared a presentation from DFI on their findings. *(See attached presentation, which is hereby incorporated as a reference into these minutes).*

Will Owens departed from the meeting at 7:11pm.

### TIME STAMP 46:00

#### 4. Discussion of Commercial Uses, Planning Board and Council Input, and Public Feedback

Mr. Ammanamanchi explained to the Committee that the Planning Board recommended to Council to consider the following additional commercial uses for the Marvin Heritage District: tailor, drug store or pharmacy with a post office, veterinarian clinic, ATM's allowed in stores, and cosmetic services of less than 1,200 square feet. He also informed the Committee about the public feedback he received from Marvin and non-Marvin residents.

### TIME STAMP 56:00

#### 5. Update on Streetscapes, Buffers, and Committee Member Research

Mr. Ammanamanchi explained that he will delay this discussion until Council has had time to review the DFI Report and Presentation. He encouraged members to send him streetscape designs that they like and do not like to guide future discussions.

## AGENDA ITEMS

### TIME STAMP 1:07:00

#### 1. Review of Action Items

- Committee members will submit streetscape designs that they like and do not like to guide future discussions.
- Committee members will complete their Statement of Economic Interest (SEI) and Code of Ethics (COE) forms.
- Mr. Ammanamanchi will post the DFI presentation and public feedback on commercial uses to the website.

### TIME STAMP 1:08:00

#### 2. Committee Comments

**Tim Fincher:** He thanked Mr. Ammanamanchi for his work and stated he was looking forward to reading the DFI report.

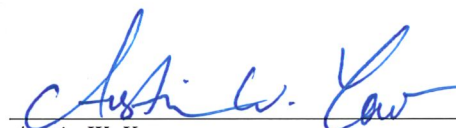
**TJ Philbrick:** He stated he was looking forward to reading the DFI report.

## ADJOURNMENT

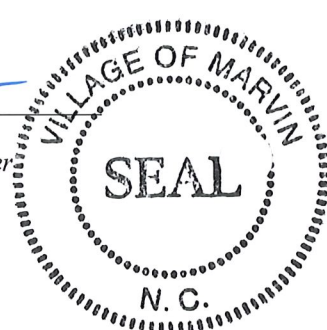
**MOTION:** TJ Philbrick moved to adjourn the meeting at 7:46pm.

**VOTE:** The motion passed unanimously.

Adopted: 3-4-21

  
Austin W. Yow

Village Clerk & Assistant to the Manager  
Village of Marvin





Village of Marvin

# Village Center Feasibility Analysis

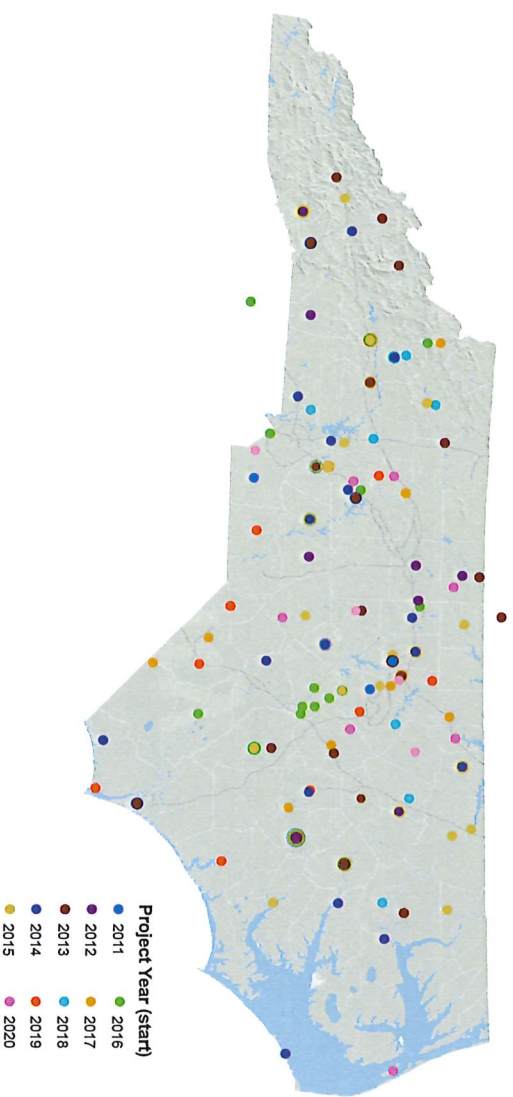


2/4/2021

# Development Finance Initiative

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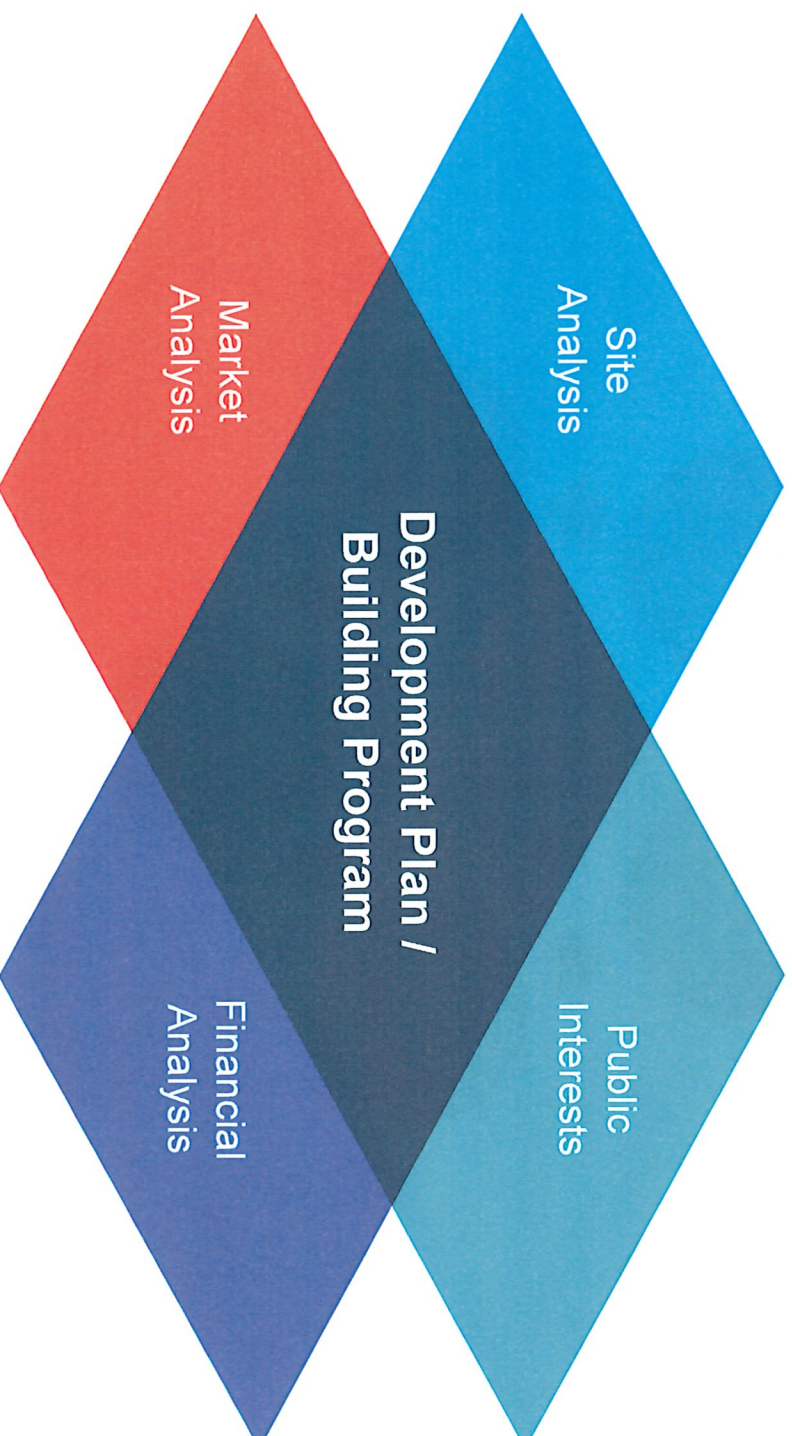
The Development Finance Initiative (DFI) is a program of UNC Chapel Hill's School of Government and collaborates with communities in NC to attract private investment for transformative projects by providing specialized finance and real estate development expertise.





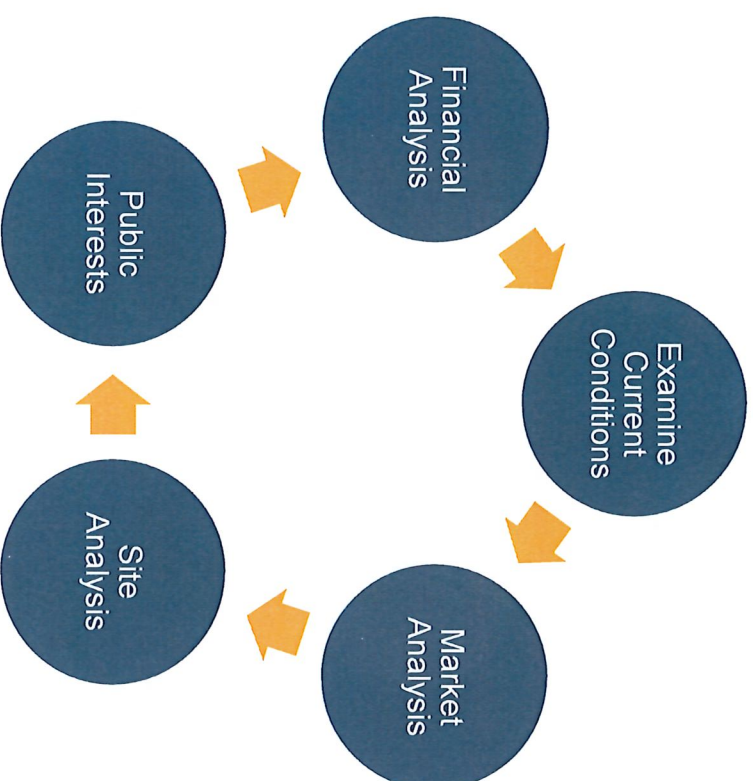
# DFI Pre-development Process

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# Our Process

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## DFI Project Scope

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- DFI was hired in November 2020 to evaluate the financial feasibility of the Marvin Village Center concept
- DFI developed the financial model, incorporating:
  - Regional, comparable projects to determine market rate rents and sales prices
  - Local, recent land sales to determine potential acquisition prices for the land
  - Development cost assumptions input from DFI development advising team and outreach to General Contractors
  - Town of Marvin input for infrastructure needs to support the project

# Village Center Feasibility

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## DFI Assessment Approach

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### **When assessing the Village Center concept DFI evaluated:**

- 3 density scenarios of development provided by Village Staff
- Village provided development standards for open space, parking and buffer requirements
- Segmenting the development into an East and West phase as well as commercial and residential breakdown
- Parking infrastructure and open space costs to all be allocated to private development

## Village Center Development Summary

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- Development feasibility under the current vision is constrained across all 3 density scenarios primarily due to:
  - Allowable maximum densities
  - Open space development standards
- Private investment in the highest density scenario doesn't offset the public infrastructure investments to support the Village Center

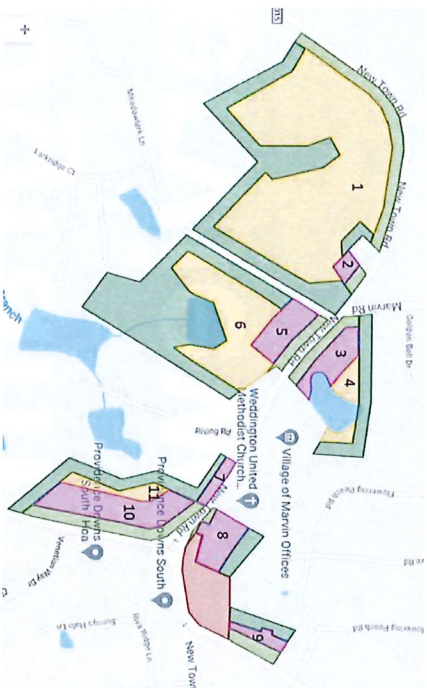


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# Program Overview

# Program Overview: Density Scenarios

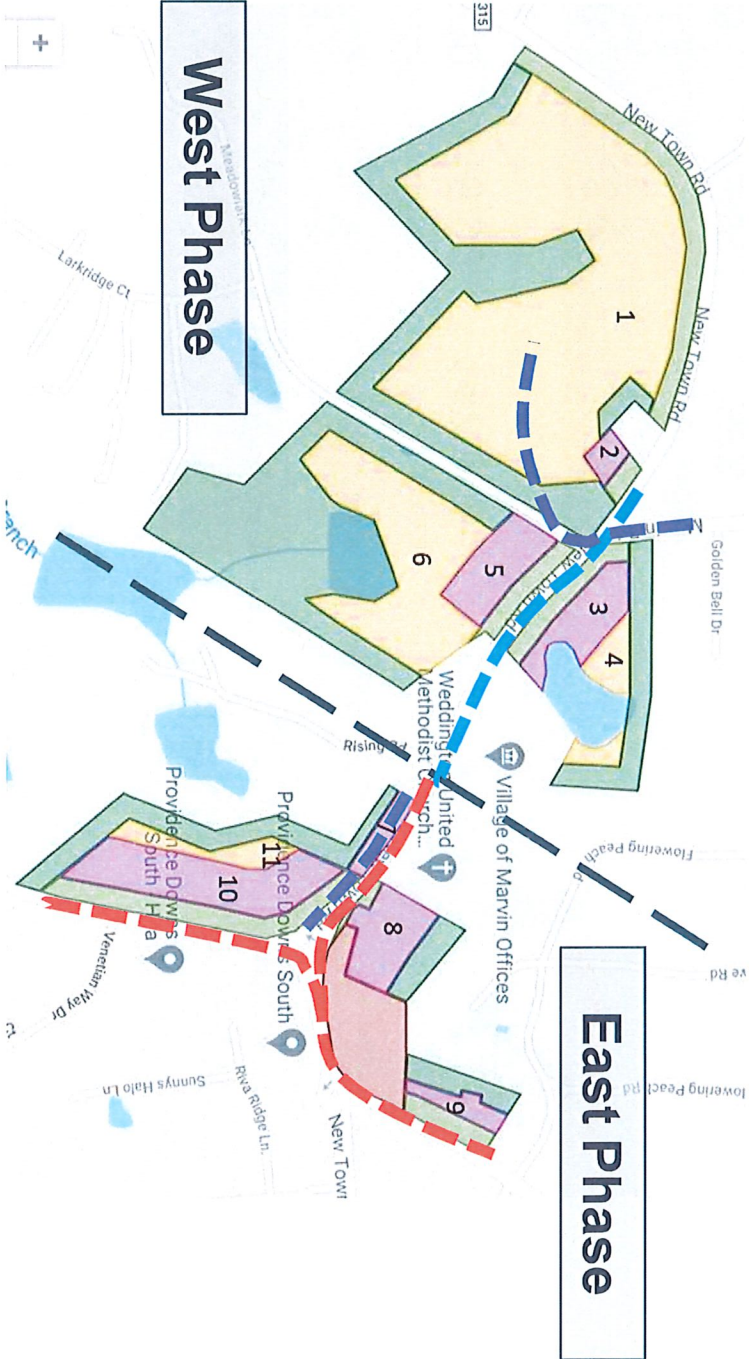
Density Scenario	Low	Medium	High
Residential Units	0.8	1.0	1.2
Commercial FAR	0.15	0.20	0.25
% Two Story	50%	50%	50%
Open Spaces (%)	35%	30%	25%
1 Parking Space Per 250 SF Commercial			





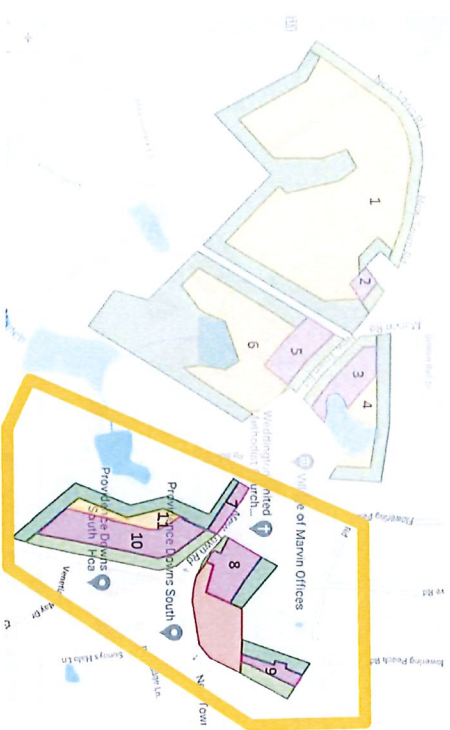
# Program Overview: Scope Options

- Mixed-use Commercial
- Residential
- Future Town Hall
- West Street Infrastructure Investments
- East Street Infrastructure Investments
- Water Main Extension



## East Phase

Density Scenario	Low	Medium	High
Residential Units	10	16	20
Commercial SF	84,000	115,000	147,000
Open Spaces (Acres)	3.6	3.6	3.5
Parking Spaces	313	436	565

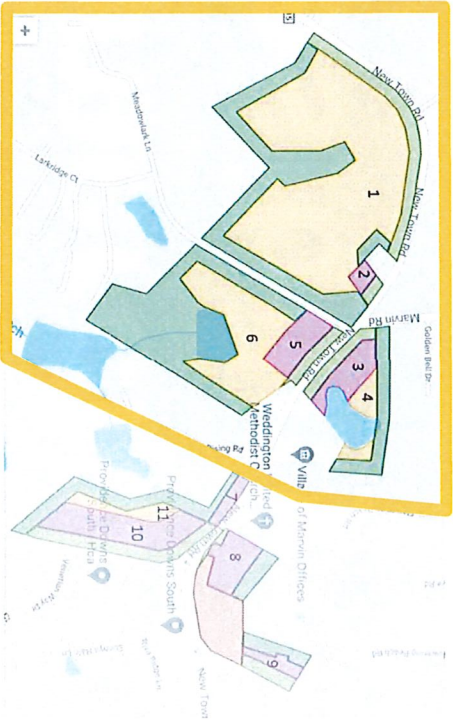




# Program Overview: Density Scenarios

## West Phase

Density Scenario	Low	Medium	High
Residential Units	64	83	99
Commercial SF	51,000	69,000	87,000
Open Spaces (Acres)	15.9	15.5	14.2
Parking Spaces	168	237	309



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# Commercial Feasibility



# Key Assumptions – Private Development

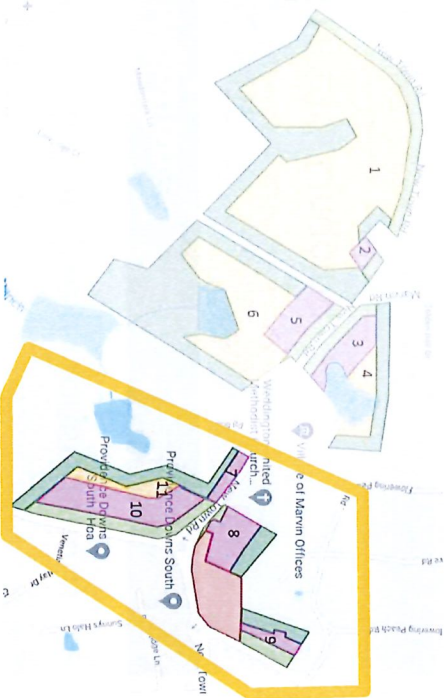
Retail	Assumption
Rent	\$20 PSF
Vacancy	50% (Year 1) / 10% Ongoing
Efficiency	80% (Adaptive Reuse) – 95% (New Construction)
Development Cost PSF	\$100 / SF (Adaptive Reuse) - \$75 / SF (New Construction)
Office	Assumption
Rent	\$22 PSF
Vacancy	50% (Year 1) / 10% Ongoing
Efficiency	90%
Development Cost PSF	\$100 / SF
Open Space Development	\$5 / SF



# Sources/Uses by Density Scenarios

East Phase – Master Developer

Sources	Low	Medium	High
Equity	\$7,240,000	\$8,685,000	\$10,374,000
Debt	\$11,565,000	\$15,845,000	\$20,326,000
Uses	Low	Medium	High
Acquisition	\$1,427,000	\$1,368,000	\$1,368,000
Hard Costs	\$14,871,000	\$19,900,000	\$25,271,000
Soft Costs	\$2,507,000	\$3,262,000	\$4,061,000
Total	\$18,805,000	\$24,530,000	\$30,700,000



# Returns by Density Scenarios

East Phase – Master Developer

Density Scenario	Low	Medium	High	Target
Internal Rate of Return	6.1%	7.7%	8.5%	15 – 18%
Equity Multiple	1.7x	1.9x	2.1x	2.5x
Yield-on-Cost (Average)	6%	6%	7%	7%

\*Projected returns include a \$.25 MSD tax on top of the current Marvin tax rate

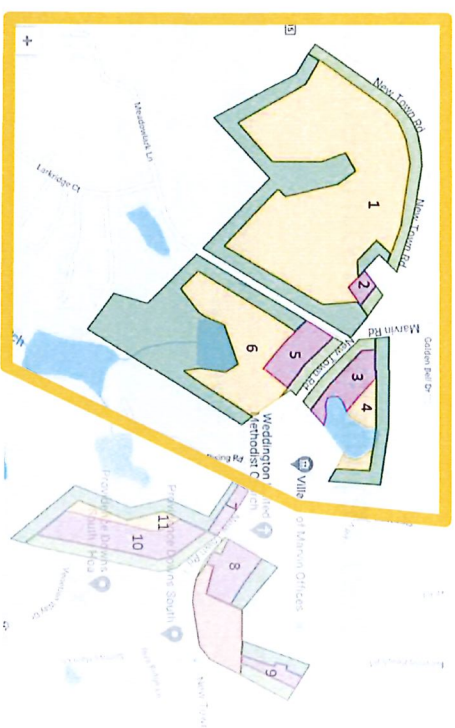


# Sources/Uses by Density Scenarios

## West Phase – Master Developer

Sources	Low	Medium	High
Equity	\$4,647,000	\$5,588,000	\$6,507,000
Debt	\$6,905,000	\$9,296,000	\$11,810,000

Uses	Low	Medium	High
Acquisition	\$917,000	\$917,000	\$917,000
Hard Costs	\$9,088,000	\$11,991,000	\$14,978,000
Soft Costs	\$1,547,000	\$1,976,000	\$2,422,000
Total	\$11,552,000	\$14,884,000	\$18,317,000



# Returns by Density Scenarios

## West Phase – Master Developer

Density Scenario	Low	Medium	High	Target
Internal Rate of Return	5.2%	6.6%	7.6%	15 – 18%
Equity Multiple	1.6x	1.8x	1.9x	2.5x
Yield-on-Cost (Average)	6%	6%	6%	7%

\*Projected returns include a \$.25 MSD tax on top of the current Marvin tax rate



## Key Opportunities for Financial Feasibility

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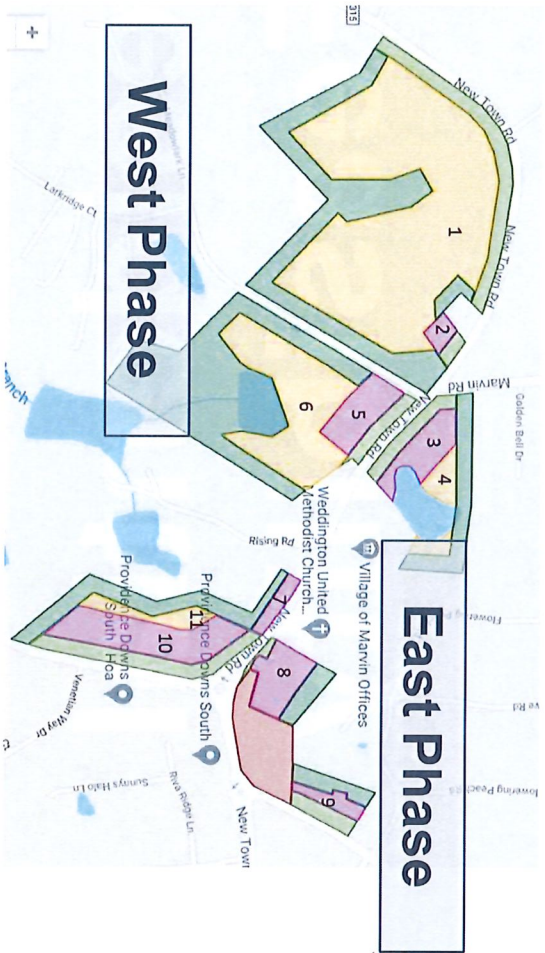
- Increase allowable densities and/or decrease open space requirements
  - Land and site preparation costs remain relatively constant across density scenarios
- Consider public/private partnerships for infrastructure
  - Parking and open space costs could be shared with public sector

# Residential Feasibility



# Residential For Sale Program Summary

Unit Count by Scenario	Low	Medium	High
East	10	16	20
West	64	83	99
Combined	74	99	119



## Key Assumptions – Private Development

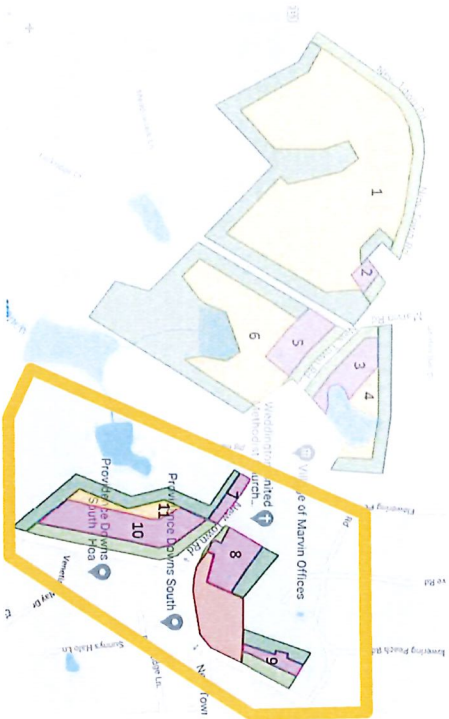
Townhomes	Assumption
Construction Costs	\$150 / SF
Sales Price	\$200 / SF
Land Costs	\$70,000 / Acre
Site Prep Costs	\$15,000
Open Space Development	\$5 / SF
Return Expectations	12 – 15% Profit Margin



# Sources/Uses by Density Scenarios

Residential Development - East

Sources	Low	Medium	High
Equity	\$1,033,000	\$1,654,000	\$2,030,000
Debt	\$2,410,000	\$3,859,000	\$4,737,000
Uses	Low	Medium	High
Acquisition	\$197,000	\$256,000	\$256,000
Development Costs	\$3,245,000	\$5,257,000	\$6,511,000
Total	\$3,443,000	\$5,513,000	\$6,767,000

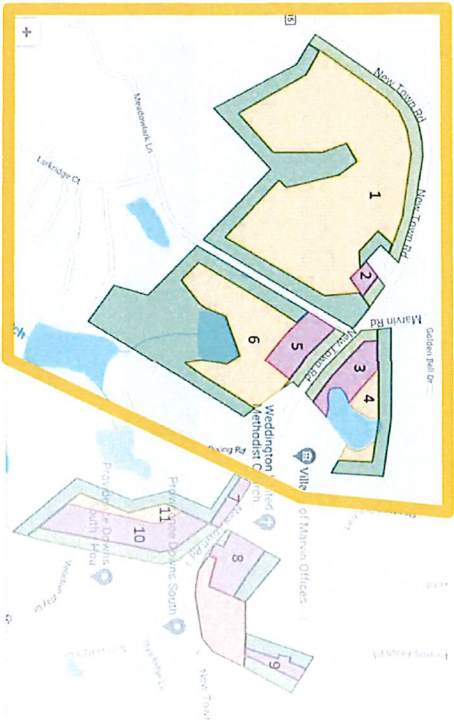


# Sources/Uses by Density Scenarios

Residential Development - West

Sources	Low	Medium	High
Equity	\$8,459,000	\$10,236,000	\$11,663,000
Debt	\$19,739,000	\$23,883,000	\$27,214,000

Uses	Low	Medium	High
Acquisition	\$4,993,000	\$4,993,000	\$4,993,000
Development Costs	\$23,205,000	\$29,126,000	\$33,884,000
Total	\$28,198,000	\$34,119,000	\$38,877,000





## Residential Development Profit Potential

East	Low	Medium	High
Development Cost PSF	\$169	\$168	\$165
Sales Price PSF	\$190 PSF (\$475,000)/(\$200 PSF (\$500,000))		
Profit Margin @ \$190 PSF	13.3%	13.2%	14.9%
Profit Margin @ \$200 PSF	19.3%	19.2%	21.0%
West	Low	Medium	High
Development Cost PSF	\$206	\$194	\$187
Sales Price PSF	\$190 PSF (\$475,000)/\$200 PSF (\$500,000)		
Profit Margin @ \$190 PSF	-7.9%	-2.2%	1.6%
Profit Margin @ \$200 PSF	-3.0%	3%	6.9%

dfi

Target Profit Margin = 12 – 15%

## **Key Opportunities for Financial Feasibility- Residential**

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- Increase allowable densities and/or decrease open space requirements
  - Investor returns are challenged due to the large amounts of land acquisition
  - Village could acquire portion of land to meet levels of desired open space and lessen amount developer would have to provide



# Public Investment

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# Key Assumptions – Public Investment

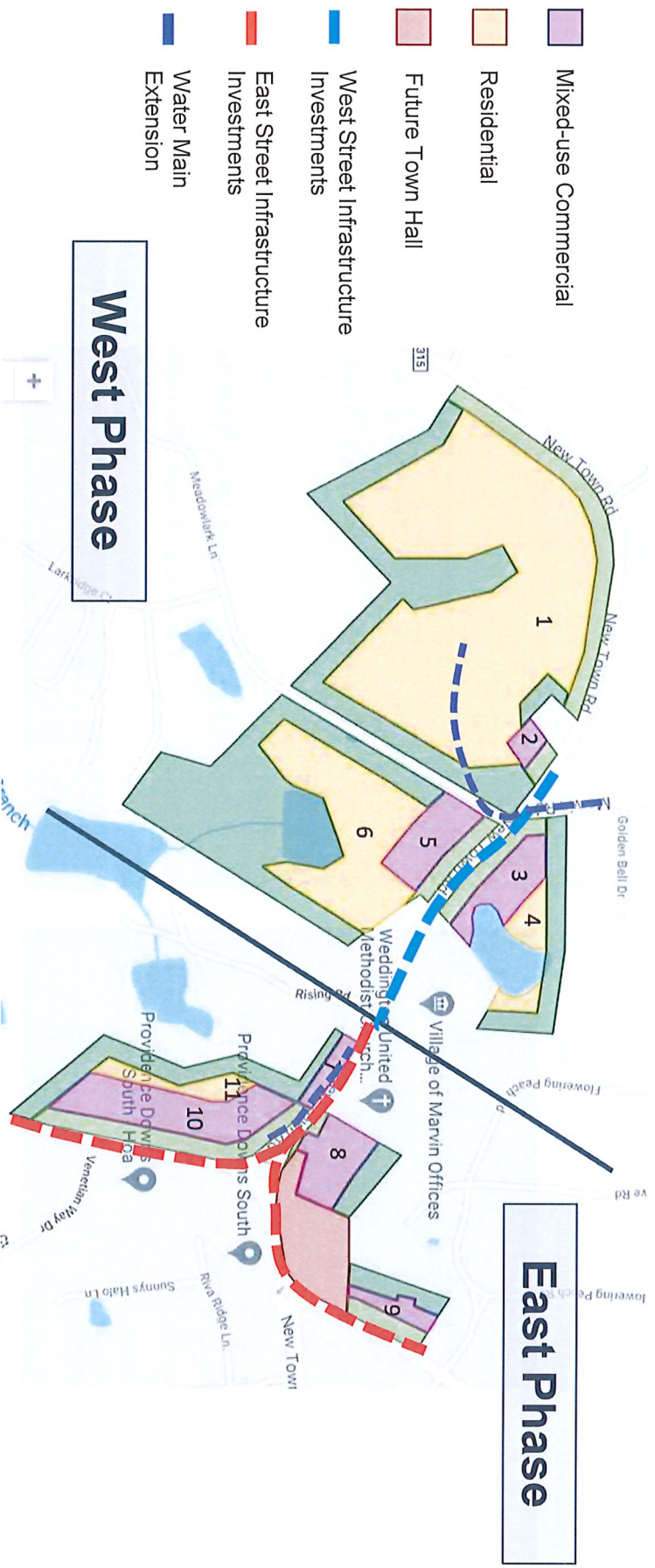
Public Investment	Cost
Streets: Curbs and gutters, road paving and sub (certain portions), water, sewer, stormwater + Streetscaping: sidewalks, street furniture, tree plantings, lighting	\$1,000 / Linear Ft
Water Main Extension (x2)	\$100,000 for 700 LF
Commercial Parking	TBD
Future development of Village Hall	\$1.8M



Source: Village of Marvin, Conceptual streetscape rendering



# Program Overview: Scope Options



# Estimated Program of Public Inputs

East Phase	Linear Feet
Road Infrastructure	3,500
Water Main Extension	700
West Phase	Linear Feet
Road Infrastructure	1,600
Water Main Extension	700



## Estimated East Phase Public Investment Financial Picture

### 20-Year Impact

Density Scenario	Low	Medium	High
Investment		(\$3,659,000)	
Incremental Real Estate Tax Revenue (Village of Marvin Only)	\$241,000	\$336,000	\$426,000
<b>Total Impact</b>	<b>(\$3,418,000)</b>	<b>(\$3,323,000)</b>	<b>(\$3,233,000)</b>
\$0.25 MSD- Commercial	\$766,000	\$1,025,000	\$1,300,000
\$0.25 MSD- Residential	\$237,000	\$379,000	\$474,000
<b>Total Impact with MSD</b>	<b>(\$2,415,000)</b>	<b>(\$1,919,000)</b>	<b>(\$1,459,000)</b>

\*Town tax and MSD tax include annual 2% increase

# Estimated West Phase Public Investment Financial Picture

## 20-Year Impact

Density Scenario	Low	Medium	High
Investment		(\$1,840,000)	
Incremental Real Estate Tax Revenue (Village of Marvin Only)	\$476,000	\$621,000	\$748,000
Total Impact	(\$1,364,000)	(\$1,219,000)	(\$1,092,000)
\$0.25 MSD- Commercial	\$896,000	\$618,000	\$771,000
\$0.25 MSD- Residential	\$1,516,000	\$1,970,000	\$2,345,000
Total Impact with MSD	\$620,000	\$1,369,000	\$2,024,000

\*Village tax and MSD tax include annual 2% increase





# Recommendations

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## Village Center Recommendations

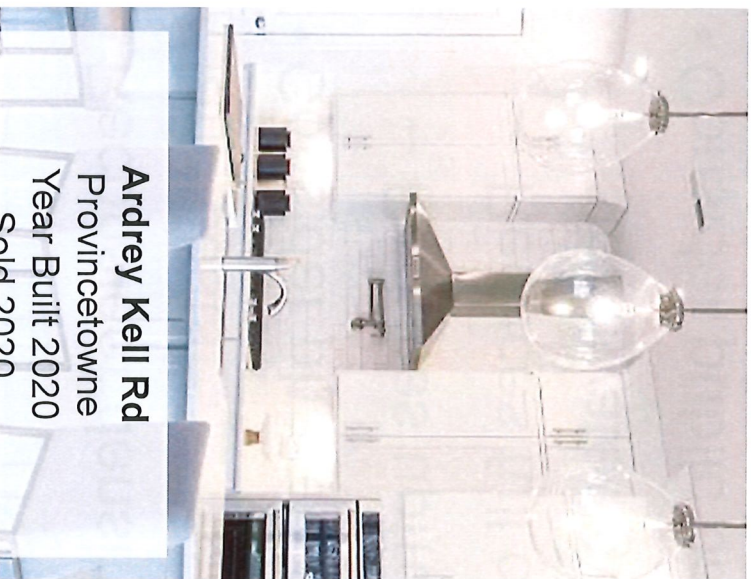
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- Reconsider density allowances- greater density helps offset land costs
- Consider phased approach to Village Center
  - Reduces upfront infrastructure costs
  - Reduces full costs of site risks (environmental, stormwater, grading, etc.)
- Consider public participation strategies
  - Infrastructure investments (parking, open space)

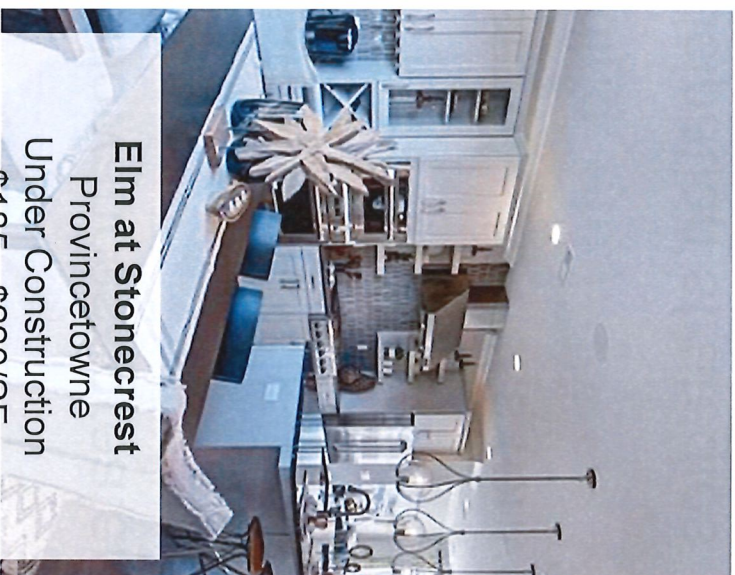


# Comparable Townhome Sales

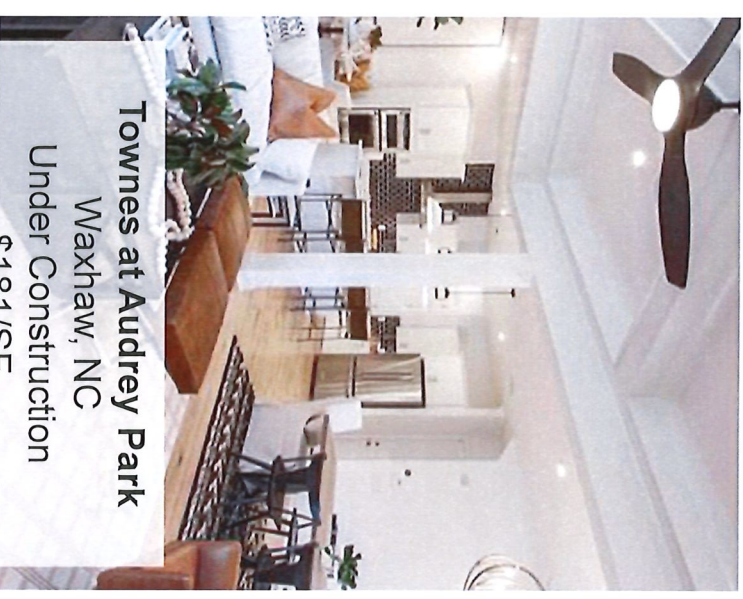
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**Ardrey Kell Rd**  
Provincetowne  
Year Built 2020  
Sold 2020  
\$212/SF



**Elm at Stonecrest**  
Provincetowne  
Under Construction  
\$185 - \$220/SF



**Townes at Audrey Park**  
Waxhaw, NC  
Under Construction  
\$181/SF



